

DEPARTMENT OF BOATING AND WATERWAYS

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“SEA LINES”

Information Letter

DATE: *October, 2007*

TO: *Yacht and Ship Brokers & Salespeople*

FROM: *Gina Ebling, Department of Boating and Waterways*

SUBJECTS: *1) New Web site 2) Introduction of New Manager
3) Salesperson Licenses 4) Update on 90-day legislation 5) Correct
Preparation of Closing Statements 6) Unlicensed Activity Update
7) Advertising 8) Ongoing Inspections*

1) New Web site and format for Information Letters

The Department of Boating and Waterways (Cal Boating) is introducing a revised Web site and expanding its web services as of October 2007. The revised look is more user-friendly and follows the new layout design being used by all State agencies. Check it out at www.dbw.ca.gov or www.BoatSmarter.com.

The Yacht and Ship unit is taking advantage of this revision to introduce a new method of dissemination of their *Information Letters*. They will now be entitled “**Sea Lines**” and will be available only via e-mail and viewable on the Web. Signing up for this new feature is fast and easy:

1. Click on the “Broker Licensing” link on Cal Boating’s homepage at www.dbw.ca.gov.
2. Click on “Sign up for the Yacht and Ship Licensing Newsletter” under Quick hits
3. You will be asked to enter your e-mail address and create a password.

Completion of this process, will subscribe you to the *Sea Lines* newsletter and any bulletins posted by the Yacht and Ship unit of Cal Boating. *Sea Lines* will also be viewable on-line at www.dbw.ca.gov/Yns/.

2) Introduction of New Manager - Yacht & Ship

Following the retirement of Dolores Farrell in December, the Yacht & Ship unit has been fortunate enough to be assigned a new manager, **Denise Peterson**. Denise comes to Cal Boating with eight years of state experience. She began her state career with the Department of Health Services (DHS) working as an analyst in the Medi-Cal Program. She worked for DHS for 5 years. After a brief 5-month stint with the California Highway Patrol, Denise started working at the Department of Social Services (DSS) in the CalWORKs Program, first as an analyst and then as a program manager. She left DSS after 2 years.

Denise is sensitive to issues facing industry and supports positive changes to better protect California consumers. She looks forward to learning more about yacht sales and brokering. In the meantime, she is thankful to her wonderful staff for guiding her, and as she says, “tolerating her endless questions, and making her look much more knowledgeable than she really is”.

3) Salesperson licenses

Upon separation of employment, salesperson licenses **must be returned to the Department by the broker of record**. Licensing staff have received several calls recently from salespeople with inquiries regarding transfers to other brokerages and requesting information concerning the process for returning their licenses to the Department. Salespersons licenses shall remain in the control of the broker by whom the salesperson is employed until the license is cancelled or until the individual leaves the employment of the broker. Brokers must return the license to the Department for cancellation and notify the Department of the exact date of termination pursuant to Harbors & Navigation Code Section 735(c). In the event that a salesperson applies for a broker license; the Department must verify that the length of employment totals the one year accumulated experience as required by law. In order to obtain accurate information, brokers should be in control of all sales licenses and maintain a record of each salesperson’s length of employment. This practice will prevent a salesperson from falsifying the required experience.

Brokers should ensure the following before submitting salesperson applications:

- Each application is filled out completely and accurately
- Applicant has been truthful with criminal history information
- Applicant has been fingerprinted for **both** DOJ and FBI verification
- Applicant **and** broker of record have signed the application verifying that information is correct

4) Update on 90-Day Sales Tax Exemption

As part of the State budget bill signed by the Governor in September of 2007, the State has reverted to the previous out-of-state yacht sales tax provision as it existed prior to 2004. This means that yacht purchasers may avoid State sales taxes if the vessel is kept out of California for 90 days after purchase.

5) Closing Statements

Although the Department cannot mandate a specific form, written closing statements are required to be presented to both the sellers and buyers within one month of completion of a transaction, pursuant to Harbors & Navigation Code Section 715. A closing statement may also be provided by an escrow holder. Closing statements should include:

- Purchase price
- An accounting of all deposits to the trust account
- Authorized withdrawals from the trust account
- Broker commission
- Ending balance
- Signature of licensee

6) Unlicensed Activity Update

The Department has taken significant steps toward curbing unlicensed activity in California. We have enlisted the support of the Attorney General's office to assist us in taking criminal action against out-of-state brokers listing and selling vessels in this State. We have also contacted local law enforcement and county District Attorney's within California in an effort to expand our authority regarding in-state unlicensed activity. The Department, as an administrative agency, must work closely with law enforcement districts to enforce criminal charges. We appreciate the cooperation from industry for continuing to inform Yacht & Ship enforcement staff of suspected cases of unlicensed activity.

7) Advertising

The Department has received complaints concerning inaccurate advertising regarding the actual LOA (length of vessel with enhancements) verses LOD (length per specifications). It is suggested that advertisements include both the specification length and the actual length of the vessel to ensure clients are fully aware of any constrictions when considering slip rentals.

8) Ongoing Inspections

With the addition of an investigator to the Yacht & Ship Unit, the Department has performed over 50 site inspections in the last year. We will continue to be proactive in our goal to promote a cooperative relationship with brokers throughout California. Inspections are an opportunity for the Department to meet with industry and industry's opportunity to discuss issues of concern regarding compliance standards, clarifications of law and unlicensed activity.

LICENSING ISSUES

- **Documents Available On-Line:**

The following forms, as well as, information on fees and study materials are available by visiting our Cal Boating Web site at www.dbw.ca.gov :

- Broker/Salesperson renewal forms
- Reinstatement forms
- Transfer forms
- Branch application and branch renewal forms
- Enforcement complaint forms

- **Salesperson Application Requests:**

Because salespeople must work under the direct control of a specific broker of record, applications are controlled documents and cannot be downloaded. Only brokers may request salesperson applications from the Department, either by telephone, fax or e-mail. Sales applicants will receive all Department information by way of the broker of record.

If there are any items of interest to the industry which you would like to see addressed in a future edition of this Information Letter, please contact Gina Ebling at gebbling@dbw.ca.gov or (916) 263-8195.

For licensing information, please contact:

Brokers: Fahim Buksh at fbuksh@dbw.ca.gov or (916) 263-8197

Sales: Marinda Isley at misley@dbw.ca.gov or (916) 263-8196